

Department of Social and Health Services

DP Code/Title: M2-UV HRMS Implementation

Program Level - 110 Admin & Supporting Svcs

Budget Period: 2003-05 Version: K2 110 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

Funding is requested to ensure a smooth and timely implementation of civil service reform and the Human Resource Management System (HRMS) within the Department of Social and Health Services (DSHS), as it relates to the implementation of the Personnel System Reform Act of 2002. Statewide result number 5.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	388,000	818,000	1,206,000
001-2 General Fund - Basic Account-Federal	23,000	47,000	70,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	39,000	80,000	119,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	116,000	245,000	361,000
Total Cost	566,000	1,190,000	1,756,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	5.7	16.6	11.2

Package Description:

This decision package requests additional FTEs and funding to support the Personnel System Reform Act (PSRA) of 2002. The Department of Personnel (DOP) is implementing a new computer system that will replace the existing Personnel Payroll system. The new system will support many of the rules and processes required by Civil Service Reform and Collective Bargaining and will have major impacts on how human resource (HR) management is currently performed. As the department transitions to the new system, a significant increase in workload is expected in the areas of human resource management, project management, and activities coordination.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request supports the DSHS strategic plan in the following areas:

Internal Processes:

-Recruit and support a knowledgeable and diverse workforce.

Work Force Development:

-Enhance human resources development by implementing succession planning, leadership programs and mentoring programs.

From the Priorities of Government (POG):

-Improve the quality and productivity of our workforce.

Performance Measure Detail

Goal: 01Z DSHS Accounts for Its Use of Public Dollars

No measures submitted for package

Program: 110

Incremental Changes

FY 1

FY 2

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Goal: 04K Attract, develop, and retain qualified staff

Incremental Changes

FY 1

FY 2

No measures submitted for package

Reason for change:

This decision package supports the implementation and operation of the HRMS at DSHS. DSHS's challenge will be adopting the changes required under the Personnel System Reform Act and resulting information technology changes. It will take additional resources to cleanup existing personnel/payroll data, develop and implement new processes that support the HRMS and existing interface programs need to be changed to use HRMS data instead of the existing personnel/payroll system data. Training for all users, setup and administer security for all system users, implement and support the system. DSHS does not have existing resources to perform the additional work without impacting services.

With a system the size of the HRMS, IT related tasks and system support will generate an ongoing workload. New interfaces will be needed, management and ad-hoc reports will need to be developed and run on a routine basis. HRMS changes and software releases will need to be managed and coordinated with DOP (i.e. change management), system problems will need to be tracked and solutions tested. All of these activities will require IT resources that need to be provided to successfully operate and maintain the HRMS at DSHS.

Impact on clients and services:

Existing HR services will be impacted due to the implementation of the HRMS. Changes are broad and significant in most if not all HR functions; including entering and processing of payroll, reporting and tracking leave, assigning and implementing new occupational classes, how training is conducted and tracked, and hiring and recruitment processes.

Impact on other state programs:

DSHS is obligated to implement the rules and changes resulting from the Personnel System Reform Act of 2002, which includes the HRMS. This request impacts DSHS internal organizations and could impact external stakeholders. There could be implications to other state agencies, such as Labor and Industries for Industrial Insurance, Health Care Authority for Health Insurance, Employment Security for Worker's Compensation, the State Treasurer because of electronic fund transfers, the Federal agencies of the Internal Revenue Service and Social Security Administration, etc. if the implementation is not done correctly. There may be some impact with the bargaining units. DSHS will be working closely with DOP and other stakeholders.

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Not applicable

Alternatives explored by agency:

The Personnel System Reform Act of 2002 is mandated. DOP will be implementing the HRMS and DSHS is required to use the system. DSHS needs a well managed and coordinated effort to implement the HRMS within mandated timeframes.

Other options considered include having a decentralized approach where each DSHS Administration coordinates their own activities. This would likely result in chaos and duplication of efforts, costing more than a centrally coordinated effort.

Budget impacts in future biennia:

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The scope of this request includes the development, implementation and ongoing activities required to implement and maintain the HRMS at DSHS. Implementation activities and costs do not go beyond Fiscal Year 2006. Funding will continue in future biennia for three full time employees to support ongoing maintenance and operation activities.

Distinction between one-time and ongoing costs:

The following funding supports both one-time and ongoing costs. Costs support state and contractor staffing along with normal workstation costs that are needed for each staff. In state Fiscal Year 2004, one-time cost is \$371,000 with ongoing cost at \$195,000. In state Fiscal Year 2005, one-time cost is \$948,000 and ongoing cost is \$242,000.

Effects of non-funding:

If this request is not funded, staff will have to be taken off current duties and assigned to this project. This may cause backlogs in the Human Resource Division and IT, which supports the rest of DSHS. Existing interfaces to DOP data may not get changed in time, which may impact DSHS's ability to manage it's workforce. Staff may not get enrolled in classes; positions may not get banded and established in time to meet business needs. Leave processing and payroll updates may not make deadlines. Grievance and other time sensitive deadlines may be missed.

If ongoing activities are not funded, DSHS may not be positioned to participate in DOP's change management process as necessary. This includes making interface changes to remain compatible with the HRMS as new HRMS software releases are implemented. It may also result in system problems not being caught due to a lack of system testing when HRMS changes are being made. This could result in erroneous payroll calculations or other system problems that could be avoided if resources are allocated to perform testing duties. The earlier system problems are caught in the systems development cycle, the less expensive they are to fix. Once in production, the expense to fix a system problem increases significantly.

Expenditure Calculations and Assumptions:

See attachment - M2-UV HRMS Implementation.pdf and attachment - M2-UV HRMS Implementation.xls

Increased workload costs include one-time costs for project staff to plan, coordinate, and facilitate the implementation of the HRMS at DSHS. Additional costs include data clean-up, data conversion, data warehouse, training, business process modification, security and the development of required interfaces. One FTE has been included to support ongoing maintenance and operation activities of the HRMS after system implementation. Ongoing activities include support for new interfaces, ad-hoc reporting, development of management reports, testing of new HRMS software releases and other HRMS maintenance and operation activities.

Additional FTEs include (1) Labor Relation Specialist to respond to new workload demands as a result of full scope collective bargaining; and, (1) Project Specialist assigned responsibility for coordinating agency-wide classification changes and coordinating changes in DSHS HR processes that will occur as more responsibilities are delegated to the agency by the Department of Personnel.

In the Implementation Plan, Fiscal Year 2004 costs represent project initiation and a ramping up of project staff. Fiscal Year 2005 has project staff fully loaded. Fiscal Year 2006 represents the completion of project activities and a ramping down of project resources after a short support period. Fiscal Year 2007 represents ongoing permanent staff costs.

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<u>Object Detail</u>		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding				
A	Salaries And Wages	330,000	860,000	1,190,000
B	Employee Benefits	67,000	183,000	250,000
E	Goods And Services	75,000	91,000	166,000
G	Travel	15,000	35,000	50,000
J	Capital Outlays	71,000	5,000	76,000
T	Intra-Agency Reimbursements	8,000	16,000	24,000
Total Objects		566,000	1,190,000	1,756,000
 <u>DSHS Source Code Detail</u>				
Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	388,000	818,000	1,206,000
Total for Fund 001-1		388,000	818,000	1,206,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
001B	Social Security Disability Ins (100%)	9,000	19,000	28,000
E61L	Food Stamp Program (50%)	14,000	28,000	42,000
Total for Fund 001-2		23,000	47,000	70,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi				
<u>Sources</u>	<u>Title</u>			
563I	Title IV-D Child Support Enforcement (A) (66%)	29,000	59,000	88,000
658L	Title IV-E-Foster Care (50%)	9,000	20,000	29,000
659L	Title IV-E Adoption Assistance (50%)	1,000	1,000	2,000
Total for Fund 001-A		39,000	80,000	119,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa				
<u>Sources</u>	<u>Title</u>			
19UL	Title XIX Admin (50%)	116,000	245,000	361,000
Total for Fund 001-C		116,000	245,000	361,000
Total Overall Funding		566,000	1,190,000	1,756,000